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CALIFORNIA AVOCADO APH PILOT LOSS ADJUSTMENT STANDARDS HANDBOOK

2018 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: CALIFORNIA AVOCADO APH PILOT LOSS ADJUSTMENT HANDBOOK	NUMBER: FCIC-25890 FCIC-25890-1
EFFECTIVE DATE: 2018 and Succeeding Crop Years	ISSUE DATE: August 29, 2016
SUBJECT: Provides procedures and instructions for administering the CA Avocado APH Pilot crop insurance program.	OPI: Actuarial and Product Design Division
	APPROVED: <i>/s/Thomas W. Worth</i> Acting Deputy Administrator for Product Management

REASON FOR ISSUANCE

1. Section 4(a) item 2: Removed reference to fruit on the ground to comply with industry standards.
2. Section 7(D): Updated Unit No. reference in Information Required.
3. Section 7(D), items 11 and 12: Revised procedures to remove the 75 percent of the maximum price election reference for production to count, in accordance with the crop provisions.
4. Section 8(C), Section I, item M: Uninsured acreage should be reported as production guarantee and in whole pounds.

CALIFORNIA AVOCADO APH PILOT LOSS ADJUSTMENT STANDARDS HANDBOOK

CONTROL CHART

California Avocado APH Pilot Loss Adjustment Standards Handbook						
	TP Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Removed	1-2		1-4		08-2008	FCIC-25890
			15-18		08-2008	FCIC-25890
			23-24		08-2008	FCIC-25890
Inserted	1-2		1-4		08-2016	FCIC-25890-1
			15-18		08-2016	FCIC-25890-1
			23-24		08-2016	FCIC-25890-1
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			23-24		08-2016	FCIC-25890-1
			25-30		08-2008	FCIC-25890
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1. INTRODUCTION

THIS HANDBOOK MUST BE USED IN CONJUNCTION WITH THE LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK, FCIC-25010.

The FCIC-issued loss adjustment standards for this crop are the official standard requirements for adjusting Multiple Peril Crop Insurance (MPCI) losses in a uniform and timely manner. The FCIC-issued standards for this crop and crop year are in effect as of the signature date for this handbook at www.rma.usda.gov/handbooks/25000/index.html. All approved insurance providers (AIP) will utilize these standards for both loss adjustment and loss training for the applicable crop year. These standards, which include crop appraisal methods, claims form completion instructions, and form standards, supplement the general (not crop-specific) loss adjustment standards identified in the LAM.

2. SPECIAL INSTRUCTIONS

This handbook remains in effect until superseded by reissuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

A. DISTRIBUTION

- (1) The following is the minimum distribution of forms completed by the adjuster and signed by the insured (or insured's authorized representative) for the loss adjustment inspection:
 - (a) One legible copy to insured.
 - (b) The original and all remaining copies as instructed by the AIP.
- (2) It is the AIP's responsibility to maintain records (documents) as stated in the SRA and described in the LAM.

B. TERMS, ABBREVIATIONS, AND DEFINITIONS

- (1) Terms, abbreviations, and definitions **general** (not crop specific) to loss adjustment are identified in the LAM.
- (2) Terms, abbreviations, and definitions **specific** to California avocado loss adjustment and this handbook which are not defined in this section, are defined as they appear in the text.
- (3) Abbreviations:

BCCR	Barclay's California Code of Regulations
BP	Basic Provisions
CDFR	California Department of Food and Agriculture
CP	Crop Provisions
SP	Special Provisions

(4) Definitions:

Commercial Sale is any sale of avocados that have been inspected under the rules of the CDFA and to which a marketing assessment payment applies under the Hass Avocado Promotion, Research, and Information Act of 2000.

Crop Year is the period of time that begins on December 1 immediately prior to the time the avocado trees normally bloom and that ends on October 31 of the calendar year following such bloom. Crop Year is designated by the calendar year following the year in which the avocado trees normally bloom.

Direct Marketing is the sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the fields for the purpose of picking all or a portion of the crop.

Fruit Drop as used for the purpose of this handbook, also commonly called "June Drop", is a natural self-thinning phenomenon whereby an avocado tree reduces a heavy fruit load by dropping small immature fruit. This second fruit drop usually occurs in June and is distinguished from the first drop of fruit occurring shortly after bloom and usually caused by lack of or incomplete pollination, pests, or temperatures.

Although there is some evidence that over-fertilizing with nitrogen during the early fruit stages can influence fruit drop, crop experts do not believe the data are overwhelmingly convincing. Excessive fruit drop determined to be caused by improper use of Nitrogen will be considered production to count under uninsured causes.

Harvest is picking of marketable avocado fruit from the trees.

Marketable refers to an avocado fruit that meets the standards published by the CDFA with respect to maturity, defects, size, and weight. Regulations are available from the BCCR website.

No. 2 avocado production is an avocado fruit that is marketable but that is diverted into processing uses due to visual defects resulting from an insured cause of loss.

Set out means transplanting an avocado tree into the orchard or grafting a scion onto rootstock.

Stump(ing) is a practice whereby the height of an avocado tree is reduced to approximately four to six feet by removal of branches.

3. INSURANCE CONTRACT INFORMATION

The AIP is to determine that the insured has complied with all policy provisions of the insurance contract. CP, which are to be considered in this determination, include (but are not limited to):

A. INSURABILITY

The following may not be a complete list of insurability requirements. Refer to the BP, CA Avocado APH Pilot CP, and SP for a complete list.

- (1) The crop insured will be all avocados in the county grown on insurable acreage, and for which a premium rates are provided by the actuarial documents:
 - (a) In which the insured has a share;
 - (b) That is grown for harvest as avocado fruit for commercial sale;
 - (c) That are irrigated;
 - (d) That are grown on trees that, if inspected, are considered acceptable by the AIP; and
 - (e) That is a type identified in the actuarial documents;
 - (f) That are grown on trees that have reached the sixth growing season after being set out unless the crop has achieved a yield of 2,000 lbs. per acre in one of the most recent three (3) crop years, or as otherwise allowed by the SP.
- (2) Avocado trees interplanted with another perennial crop are insurable, unless the AIP inspects the acreage and determines it does not meet the insurability requirements contained in the CA Avocado APH Pilot CP.
- (3) If a producer is eligible to receive an indemnity under CAT coverage and benefits compensating him or her for the same loss under any other USDA program, the producer must elect the program from which they wish to receive benefits.
- (4) Avocado trees that have been stumped are not insurable for three calendar years following the calendar year in which the stumping occurred.
- (5) Refer to the SP for any additional insurability requirements.

B. PROVISIONS AND PROCEDURES NOT APPLICABLE TO CAT COVERAGE

Refer to the CIH and the LAM for provisions and procedures not applicable to CAT.

C. UNIT DIVISION

Refer to the insurance contract for unit provisions. Unless limited by the **CP or SP**, a basic unit may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

4. CALIFORNIA AVOCADO APPRAISALS

A. GENERAL INFORMATION

- (1) Potential production for all types of inspections will be appraised in accordance with procedures specified in this handbook and in the LAM.
- (2) Specifically, for California avocados, circumstances that require an appraisal include (but are not limited to):
 - (a) When the insured chooses not to harvest any acreage;
 - (b) When mature production remains after the final harvest; or
 - (c) When mature production remains on the tree when stumped or removed.

Avocado trees are generally harvested more than once to remove a single crop. It may not be necessary to appraise fruit on the tree unless the insured does not intend to pick any more of the crop. If the insured does not intend to pick more of the crop, an appraisal must be performed. Avocados on the trees will most likely be eventually marketed.

- (3) To help prevent the spread of the most serious disease (Avocado (Phytophthora) Root Rot) affecting avocados, the following precautions should be adhered to when appraising avocados:
 - (a) Carry a spray bottle of alcohol to disinfect bottom of shoes.
 - (b) Enter the orchard with a clean vehicle (free of mud and dust), and be careful not to stir up dust when driving in the orchard.
 - (c) Ladders, boxes, bins, etc., must be free of mud and dust before entering the orchard.

D. SUMMARY OF HARVESTED PRODUCTION WORKSHEET ENTRIES AND COMPLETION INSTRUCTIONS

- (1) The Summary of Harvested Avocado Production Worksheet will be referred to as the summary worksheet, herein.
- (2) The summary worksheet contains the required items and information for documenting the value of harvested avocado production.
- (3) Separate summary worksheets are required for:
 - (a) Each unit,
 - (b) Each processor/packer receiving production,
 - (c) Unsold harvested production,
 - (d) Production sold at roadside stands
 - (e) Each variety of avocado, and
 - (f) No. 2 production.
- (4) CAC forms provide documentation of harvested production needed to complete item entries on the summary worksheet. Acceptable forms include:
 - (a) Assessment Reports,
 - (b) Pool Grade Report and Statements,
 - (c) Grower Packout Statements,
 - (d) Grower Statements,
 - (e) Processor/Packer Load Delivery Receipts, and/or
 - (f) Other forms that contain CAC harvested production information and are acceptable to the AIP.

Verify or make the following entries:

Item

No. Information Required

Company Name: Name of AIP, if not preprinted on the worksheet. (Company Name)

1. **Insured's Name:** Name of the insured that identifies EXACTLY the person (legal entity) to whom the policy is issued.
2. **Crop Year:** Four-digit crop year, as defined in the policy, for which the claim has been filed.
3. **Policy Number:** Insured's assigned policy number.
4. **Claim Number:** Claim number assigned by the AIP.
- *** 5. **Unit No.:** Unit number from the Summary of Coverage after it is verified to be correct.
6. **Appraised Acres:** Appraised acres, rounded to tenths.

7. **Name, Address and Phone Number of Processor/Packer:** Name, address, and telephone number of the processor/packer from the harvested production form. Include “No. 2 Production” if this summary worksheet is for No. 2 production for which the value per pound of harvested fruit is less than 75 percent of the maximum price election on the day of sale (Calculated value: $.75 * \text{Maximum price election}$, e.g. for worksheet on page 17 the value is $\$1.10 * .75 = \$.83$).
8. **Date Received:** Date (e.g. MM/DD/YYYY) bins are received by the processor/packer. This should be the same date on the harvested production form.
9. **Receipt Number:** Applicable number from the harvested production form.
10. **Pounds Harvested Fruit:** Whole pounds of harvested fruit from the harvested production form.
- *** 11. **If No. 1 production, then** make no entry. If the worksheet is No. 2 production, draw a line through the words “Crop Year’s Season Average.” Draw a vertical line in the item box. Enter the price of the No. 2 production to the left of the vertical line. Enter the maximum price election to the right of that line.
- *** 12. If the worksheet is No. 2 production, and if the price received for No.2 production is equal to or greater than the calculated value in item 7, enter the production amount in item 10. If the price received for the No 2 production is less than the calculated value in item 7, enter the No. 2 production amount that results from dividing the price received by the maximum price election multiplied by the quantity in item 10.
13. **Total Harvested Pounds Fruit:** Total of item 10, “Pounds Harvested Fruit” entries, in whole pounds.
- *** 14. Enter the sum of the entries in column 12.
15. **Remarks:** Enter pertinent information about any delivered harvested production.
16. **Insured’s Signature and Date:** Insured’s (or insured’s authorized representative’s) signature and date. BEFORE obtaining the signature, REVIEW ALL ENTRIES on the Appraisal Worksheet WITH THE INSURED (or insured’s authorized representative), particularly explaining codes, etc. which may not be readily understood.
17. **Adjuster’s Code Number, Signature, and Date:** Code Number, signature of adjuster, and date signed after the insured (or insured’s authorized representative) has signed.
18. **Page Number:** Page numbers (Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.).

8. CLAIM FORM ENTRIES AND COMPLETION PROCEDURES

A. CLAIM FORM STANDARDS

- (1) The entry items in subsection C are the minimum Claim Form (hereafter referred to as “Production Worksheet”) requirements. All these entry items are considered “Substantive” (i.e., they are required.)
- (2) Production Worksheet Completion Instructions. The completion instructions for the required entry items on the Production Worksheet in the following subsections are “Substantive” (i.e., they are required.)
- (3) The Privacy Act and Nondiscrimination Statements are required statements that must be printed on the form or provided as a separate document. These statements are not shown in the example form in this exhibit. The Nondiscrimination Statement can be found in the DSSH. The current Privacy Act can be found on the RMA website at <http://www.rma.usda.gov/regs/required.html> or successor website.
- (4) The certification statement required by the current DSSH must be included on the form directly above the insured’s signature block immediately followed by the statement below.

“I understand the certified information on this Production Worksheet will be used to determine my loss, if any, to the above unit. The AIP may audit and approve this information and supporting documentation. The Federal Crop Insurance Corporation, an agency of the United States, subsidizes and reinsures this crop insurance”.

- (5) Refer to the DSSH for other crop insurance form requirements (e.g., point size of font, etc.)

B. GENERAL INFORMATION FOR FORM ENTRIES AND COMPLETION INFORMATION

- (1) The Production Worksheet is a progressive form containing all notices of damage for all preliminary and final inspections on a unit.
- (2) If a Production Worksheet has been prepared on a prior inspection, verify each entry and enter additional information as needed. If a change or correction is necessary, strike out all entries on the line and re-enter correct entries on a new line. The adjuster and insured should initial any line deletions.
- (3) Refer to the LAM for instructions regarding the following:
 - (a) Acreage report errors.
 - (b) Delayed notices and delayed claims.
 - (c) Corrected claims or fire losses (double coverage) and cases involving uninsured causes of loss, unusual situations, controversial claims, concealment, or misrepresentation.
 - (d) Claims involving a Certification Form (when all the acreage on the unit has been appraised to be put to another use or other reasons described in the LAM).

G. **Type/Class/Variety:** Enter the three-digit code number entered exactly as specified on the actuarial documents, for the type grown by the insured. If “No Type Specified,” enter appropriate three-digit code number from the actuarial documents.

H. **Stage:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: Enter the stage abbreviation as shown below.

<u>STAGE</u>	<u>EXPLANATION</u>
“P”Acreage abandoned without consent, put to other use without consent, damaged solely by uninsured causes, for which the insured failed to provide records of production which are acceptable to the AIP, or from which production was sold by direct marketing if the insured failed to meet the requirements contained in the CP.
“H” Harvested.
“UH” Unharvested or put to other use with consent.

GLEANED ACREAGE: Refer to the LAM for information on gleaning.

I. **Intended or Final Use:** Use of Acreage. Use the following “Intended Use” abbreviations.

<u>USE</u>	<u>EXPLANATION</u>
Bulldozed, etc.....	Use made of acreage
“WOC” Other use without consent
“SU” Solely uninsured
“ABA” Abandoned without consent
“H” Harvested
“UH” Unharvested

Verify any “Intended Use” entry. If the final use of the acreage was not as indicated, strike out the original line and initial it. Enter all data on a new line showing the correct “Final Use”.

GLEANED ACREAGE: Refer to the LAM for information on gleaning.

J. **Appraised Potential:** Enter the per-acre appraisal in whole pounds, of POTENTIAL production for the acreage appraised. Refer to section 4, “California Avocado Appraisals” for additional instructions.

If there is no potential on UH acreage, enter “0”.

K – L. MAKE NO ENTRY.

M. + **Uninsured Causes:** EXPLAIN IN THE NARRATIVE.

a. Hail and Fire exclusion NOT in effect.

- (1) Enter NOT LESS than the insured's **production guarantee** per acre in **whole pounds** for any "P" stage acreage.

On preliminary inspections, advise the insured to keep the harvested production from any acreage damaged SOLELY by uninsured causes separate from other production.

- (2) For acreage that is damaged PARTLY by uninsured causes, enter the APPRAISED UNINSURED loss of production per acre in **whole pounds** for any such acreage. Refer to the LAM for information on how to determine uninsured cause appraisals.

- b. Refer to the LAM when a Hail and Fire Exclusion is in effect and damage is from hail or fire.
- c. Enter the result of adding uninsured cause appraisals to hail and fire exclusion appraisals.

For fire losses, if the insured also has other fire insurance (double coverage), refer to the LAM.

N. **Adjusted Potential:** Column "J" plus Column "M", in whole pounds.

O. **Total to Count:** Column "C" or "C₁" (actual acres) by column "N", rounded to nearest whole pound.

P. **Per Acre:** Enter the production guarantee per acre from the schedule of insurance.

Q. **Total:** Column "C₂" (**reported** acres; "C" if acreage is not under-reported) times Column "P". Round to nearest whole pound.

16. **Total Acres:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: Total Actual Acres (Column "C" [or "C₁" if there are under-reported acres]), to tenths.

FOR ITEM 17. WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, STAGES, APH YIELDS, PRICE ELECTIONS, TYPES, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO ENTRY AND FOLLOW THE AIP'S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

17. **Totals:**

PRELIMINARY: MAKE NO ENTRY.

FINAL: Total of Column "O" and total of Column "Q".